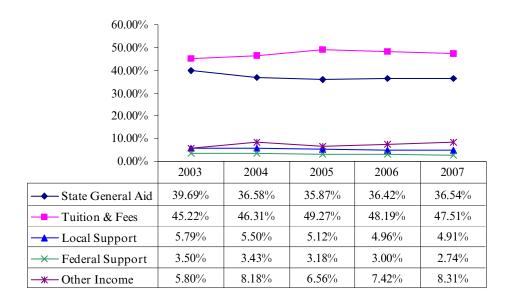
### SECTION 16 FINANCIAL

### **Revenues by Source**

- Tuition & Fees as a percentage of total revenue decreased from 48.19% in Fiscal Year 2006 to 47.51% in Fiscal Year 2007. This ranged from a low of 40.06% at Northwest Iowa Community College to a high of 54.07% at Iowa Western Community College.
- Local Support continues to decrease as a percentage of total revenues from 4.96% in Fiscal Year 2006 to 4.91% in Fiscal Year 2007. This ranged from a low of 2.79% at Indian Hills Community College to a high of 7.25% at Des Moines Area Community College.
- State General Aid increased as a percentage of total revenues from 36.42% in Fiscal Year 2006 to 36.54% in Fiscal Year 2007. This ranged from a low of 32.17% at Des Moines Area Community College to a high of 44.17% at Indian Hills Community College.

Figure 14

### REVENUE BY SOURCE FISCAL YEAR 2003 TO FISCAL YEAR 2007



Source: Iowa Department of Education, Bureau of Community Colleges and Career and Technical Education, Annual Report, Unrestricted General Fund AS-15E, Fund 1.

Fiscal Year 2003 to Fiscal Year 2007, revenue from State General Aid increased 15.15% (\$20,993,564) while revene from Tuition and Fees increased 31.319% (\$49,558,302).

Table 63

### REVENUES BY SOURCE FISCAL YEAR 2003 TO FISCAL YEAR 2007

			Fisca	l Year		
Source	2003	2004	2005	2006	2007	Change '03 to '07
Tuition & Fees	\$157,901,666	\$173,303,945	\$192,008,125	\$197,923,928	\$207,459,968	31.39%
Local Support*	20,212,798	20,572,952	19,973,009	20,386,296	21,433,089	6.04
State General Aid	138,585,680	136,890,098	139,779,246	149,580,895	159,579,244	15.15
Federal Support **	12,217,820	12,849,913	12,396,138	12,310,925	11,948,729	2.20
Other Income ***	20,250,870	30,614,196	25,574,079	30,484,574	36,272,537	79.12
Total	349,168,834	374,231,104	389,730,597	410,686,618	436,693,567	25.07

Source: Iowa Department of Education, Bureau of Community Colleges and Career and Technical Education, Annual Report, Unrestricted General Fund, AS-15E, Fund 1.

\*Local Support includes property taxes collected by the colleges; \*\*Federal Support includes federal grants awarded to the colleges including Carl D. Perkins Funding; \*\*\*Other Income includes: Other State Aid, Sales and Services, and Miscellaneous Other Income.

### **Expenses by Category**

- Salaries comprise over 74% of total expenses. As a percent of total expenses. Salaries increased from 73.68% in Fiscal Year 2003 to 74.36% in Fiscal Year 2007.
- The percent of total expenses for Capital Outlay decreased from Fiscal Year 2003 to Fiscal Year 2007.
- The percent of total expenses for Salaries, Materials, Supplies, & Travel, and Current Expenses increased from Fiscal Year 2003 to Fiscal Year 2007.
- Comparing data in Table 63 to the information in Tables 64 and 65, total revenues increased 6.33% while total expenses increased 5.86% from Fiscal Year 2006 to Fiscal Year 2007.

Expenses by Category							
_		Percen	t of Total				
Expenses	E)/ 0000	E)/ 0004	EV 0005	EV 0000	E\/ 0007		
by Category	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007		
Salaries	73.68%	73.13%	74.63%	74.64%	74.36%		
Services	13.24	13.30	13.31	13.05	13.10		
Materials, Supplies,							
& Travel	6.70	6.67	6.86	6.83	6.78		
Current Expenses	4.13	5.48	4.27	4.75	4.61		
Capital Outlay	2.25	1.42	0.93	0.73	1.15		

Source: Iowa Department of Education, Bureau of Community Colleges and Career and Technical Education, Annual Report, Unrestricted General Fund, AS-15E, Fund 1.

#### Expenses by Category Include:

- 1. Salaries all salaries paid by the community college including Administrative, Instructional, Professional, Secretarial & Clerical, and Service staff. Includes other payroll costs such as fringe benefits and worker's compensation insurance.
- 2. Services items such as professional fees, memberships, publications, rental of materials, buildings and equipment, and insurance.
- 3. Materials, Supplies, and Travel expenses such as materials and supplies, periodicals, vehicle materials and supplies, and travel expenses.
- 4. Current Expenses items such as purchase for resale, payment on debt principal, student compensation, and transfers.
- 5. Capital Outlay items such as furniture, machinery, and equipment, lease purchase equipment, vehicles, land, buildings and fixed equipment, and other structures and improvements.

From Fiscal Year 2003 to Fiscal Year 2007, the total revenues increased 25.07% while expenses increased 25.33%. While Salaries and Benefits increased approximately \$67 million from Fiscal Year 2003 to Fiscal Year 2007, State General Aid increased approximately \$21 million during this same time period, or 31% of the Salaries and Benefits increase.

Table 64

### EXPENSES BY CATEGORY FISCAL YEAR 2003 TO FISCAL YEAR 2007

			Fisca	l Year		
Expenses by Category	2003	2004	2005	2006	2007	Change 2003 to 2007
Salaries & Benefits	\$254,899,867	\$273,957,767	\$289,383,814	\$305,726,950	\$322,396,240	26.48%
Services	45,807,655	49,849,568	51,558,719	53,436,642	56,799,510	24.00
Materials, Supplies,						
and Travel	23,168,175	25,014,688	26,610,446	27,977,290	29,415,043	26.96
Current Expenses	14,289,513	20,463,950	16,602,438	19,436,664	19,984,134	39.85
Capital Outlay	7,785,672	5,342,868	3,598,726	3,002,948	4,997,410	-35.81
<b>Total Expenses</b>	345,950,882	374,628,841	387,754,143	409,580,494	433,592,337	25.33

Source: Iowa Department of Education, Bureau of Community Colleges and Career and Technical Education, Annual Report, Unrestricted General Fund, AS-15E, Fund 1.

### **Expenses by Function**

- Arts & Science expenses as a percentage of total expenses increased from 21.16% in Fiscal Year 2003 to 23.08% in Fiscal Year 2007.
- Career/Vocational Technical expenses as a percentage of total expenses decreased from 25.75% in Fiscal Year 2003 to 24.75% in Fiscal Year 2007.
- All other expenses by function have fluctuated slightly from Fiscal Year 2003 to Fiscal Year 2007.

	Expense	s by Funct	ion		
		Pei	rcent of To	tal	
Expenses by Function	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Arts & Science	21.16%	21.55%	22.67%	22.79%	23.08%
Career/Vocational Technical	25.75	24.46	25.03	24.99	24.75
Adult Education	10.00	10.49	9.58	9.73	9.29
Cooperative					
Programs/Services	2.15	2.00	2.03	1.86	1.89
Administration	5.55	5.72	5.71	5.41	5.74
Student Services	8.25	8.02	8.25	8.52	8.51
Learning Resources	3.16	2.95	2.99	3.02	2.82
Physical Plant	11.56	11.32	11.54	11.05	11.65
General Institutional	12.42	13.49	12.20	12.63	12.26

Source: Iowa Department of Education, Bureau of Community Colleges and Career and Technical Education, Annual Report, Unrestricted General Fund, AS-15E, Fund 1.

#### Expenses by Function include:

- 1. Arts & Science all administrative and instructional organizational units of the community college that provide instruction in the area of College Parallel and College Transfer (Parallel)/Career Option.
- 2. Career/Vocational Technical all organizational units designed to provide vocational, technical, and semi-professional training.
- 3. Adult Education all organizational units designed to provide services, courses, and programs intended mainly for part-time students who are not a part of one of the instructional divisions of Arts & Science or Career/Vocational Technical Functions. Some examples include Adult Basic Education, High School Completion, and Short-Term Preparatory.
- 4. Cooperative Programs or Services all organizational units designed to provide instruction for Secondary Joint Effort activities and all activities concerning Chapter 260E Industrial New Jobs Training and Chapter 260F Jobs Training.
- 5. Administration all expenses of the Community College Board of Trustees, the CEO, and business office, which serves the entire community college.

- 6. Student Services all organizational units, which are primarily concerned with providing services for students.
- 7. Learning Resources all organizational units, which provide for storage, distribution, and use of educational materials throughout the entire community college.
- 8. Physical Plant all organizational units, which are responsible for the operation and maintenance of the community college's physical facilities.
- 9. General Institution all other expenses except those included in the above functions. Some examples include institutional development, data processing, general printing, communication, alumni affairs, early retirement, and telecommunications.

### **Expenses by Function**

From Fiscal Year 2003 to Fiscal Year 2007, Arts and Science expenses increased 36.69%, while Career/Vocational Technical Education expenses increased 20.44%. Student Services and Administration expenses also increased 29.31% and 29.57% respectively.

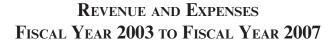
Table 65

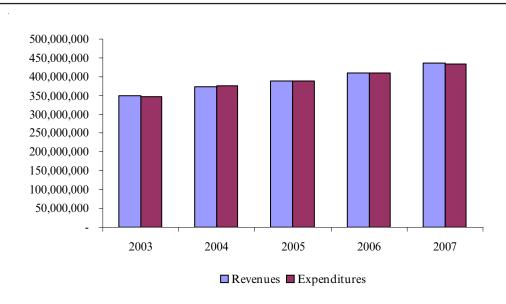
	-	<b>T</b> 7		-	T
EXPENSES BY FUNCTION	, FISCAL	YEAR 2	2003 то	FISCAL	YEAR 2007
Zili Erises Bi i erie ilor	, - 100111		-000 10		

			Fiscal Y	ear		
Expenses by Function	2003	2004	2005	2006	2007	Change 2003 to 2007
Arts & Science	\$73,211,257	\$80,737,722	\$87,922,345	\$93,338,675	\$100,074,845	36.69%
Career/Vocational						
Technical	89,095,268	91,642,825	97,029,869	102,339,215	107,305,661	20.44
Adult Education	34,601,263	39,301,445	37,150,605	39,871,496	40,261,823	16.36
Cooperative						
Programs/Services	7,423,981	7,474,536	7,861,968	7,608,185	\$8,198,032	10.43
Administration	19,205,755	21,417,994	22,157,297	22,154,622	24,885,724	29.57
Student Services	28,550,129	30,038,892	31,991,146	34,878,052	36,918,877	29.31
Learning Resources	10,899,422	11,065,833	11,606,527	12,368,197	12,233,766	12.24
Physical Plant	39,999,776	42,404,308	44,733,921	45,268,998	50,495,558	26.24
General Institution	42,964,031	50,545,286	47,300,465	51,753,054	53,218,051	23.87
<b>Total Expenses</b>	345,950,882	374,628,841	387,754,143	409,580,494	433,592,337	25.33

Source: Iowa Department of Education, Bureau of Community Colleges and Career and Technical Education, Annual Report.

Figure 15





Source: Iowa Department of Education, Bureau of Community Colleges and Career and Technical Education, Annual Report.

### **Full-Time Equivalent Enrollment (FTEE)**

The Full-Time Equivalent Enrollment (FTEE) calculation is utilized when determining the distribution of the State General Aid. Due to timing of the calculation to meet Iowa Legislative deadlines, the enrollment used to calculate the State General Aid distribution is two years behind the year of the aid (i.e., Fiscal Year 2007 enrollments are used to calculate Fiscal Year 2009 State General Aid). Twenty-four (24) credit semester hours equals one FTEE, while 600 non-credit contact hours equals one FTEE. As Figure 16 shows, the proportion of FTEE generated by non-credit contact hours has decreased over the past five years.

### FULL-TIME EQUIVALENT ENROLLMENT (FTEE) BY COLLEGE FISCAL YEAR 2003 TO FISCAL YEAR 2007

			Fiscal Year		
College	2003	2004	2005	2006	2007
NICC-01	4,664.73	4,923.91	5,020.44	4,582.83	4,509.84
NIACC-02	3,471.65	3,701.98	3,695.78	3,579.28	3,518.99
ILCC-03	2,849.98	3,022.18	3,124.01	3,092.26	3,116.54
NCC-04	1,604.20	1,578.54	1,511.29	1,617.56	1,613.95
ICCC-05	5,448.56	4,772.11	4,963.35	5,027.32	5,328.84
IVCCD-06	3,137.53	3,025.26	3,422.94	3,229.06	3,157.54
HCC-07	6,207.01	5,898.44	5,769.57	5,644.28	5,850.19
EICCD-09	7,736.56	7,636.57	7,721.44	8,006.29	7,482.94
KCC-10	15,304.36	15,806.99	16,315.34	15,493.01	16,160.59
DMACC-11	14,054.45	14,458.75	15,023.32	15,899.50	17,292.17
WITCC-12	5,427.67	4,895.72	5,047.32	4,883.22	4,819.96
IWCC-13	4,641.92	4,833.67	5,137.01	5,338.96	5,505.02
SWCC-14	1,691.87	1,585.37	1,546.34	1,571.18	1,691.42
IHCC-15	4,901.60	4,981.09	4,850.83	4,791.88	5,029.71
SCC-16	3,360.25	3,578.84	3,465.36	3,490.47	3,417.23
Total	84,502.34	84,699.42	86,614.34	86,247.10	88,494.93

Source: Iowa Department of Education, Bureau of Community Colleges and Career and Technical Education.

Table 67

## PERCENTAGE OF FULL-TIME EQUIVALENT ENROLLMENT (FTEE) BY COLLEGE FISCAL YEAR 2003 TO FISCAL YEAR 2007

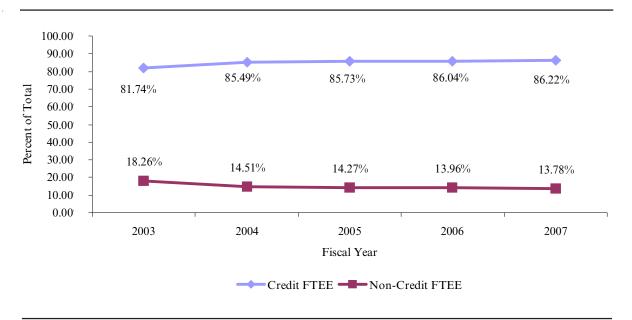
			Fiscal Year		
College	2003	2004	2005	2006	2007
NICC-01	5.5202%	5.8134%	5.7963%	5.3136%	5.0961%
NIACC-02	4.1083	4.3706	4.2669	4.1500	3.9765
ILCC-03	3.3727	3.5681	3.6068	3.5853	3.5217
NCC-04	1.8984	1.8637	1.7448	1.8755	1.8238
ICCC-05	6.4478	5.6342	5.7304	5.8290	6.0216
IVCCD-06	3.7130	3.5718	3.9519	3.7440	3.5680
HCC-07	7.3454	6.9640	6.6612	6.5443	6.6108
EICCD-09	9.1554	9.0161	8.9147	9.2830	8.4558
KCC-10	18.1112	18.6624	18.8369	17.9635	18.2616
DMACC-11	16.6320	17.0707	17.3451	18.4348	19.5403
WITCC-12	6.4232	5.7801	5.8274	5.6619	5.4466
IWCC-13	5.4932	5.7069	5.9309	6.1903	6.2207
SWCC-14	2.0022	1.8718	1.7853	1.8217	1.9113
IHCC-15	5.8005	5.8809	5.6005	5.5560	5.6836
SCC-16	3.9765	4.2253	4.0009	4.0471	3.8615
Total	100.0000	100.0000	100.0000	100.0000	100.0000

Source: Iowa Department of Education, Bureau of Community Colleges and Career and Technical Education.

Over the past five years (Fiscal Year 2003 to Fiscal Year 2007), the portion of Full-Time Equivalent Enrollment (FTEE) generated by Non-Credit Enrollments has decreased from 18.26% in Fiscal Year 2003, to 13.78% in Fiscal Year 2007.

Figure 16

# CREDIT VS. NON-CREDIT FULL-TIME ENROLLMENT (FTEE) AS A PERCENT OF TOTAL FISCAL YEAR 2003 TO FISCAL YEAR 2007



Source: Iowa Department of Education, Bureau of Community Colleges and Career and Technical Education.

As shown in Table 61, revenues and expenses by FTEE have both increased from Fiscal Year 2003 to Fiscal Year 2007, with revenues by FTEE increasing \$802.61 (19.42%) and expenses by FTEE increasing \$805.65 (19.68%). As shown in Figure 17, from Fiscal Year 2003 to Fiscal Year 2007 State General Aid increased by \$163.00 per FTEE (9.94%), Tuition and Fees increased by \$475.00 per FTEE (25.41%), Local Support increased \$3.00 per FTEE (1.26%), Federal Support decreased \$10 per FTEE (-6.90%), and Other Income increased \$170.00 per FTEE (70.83%).

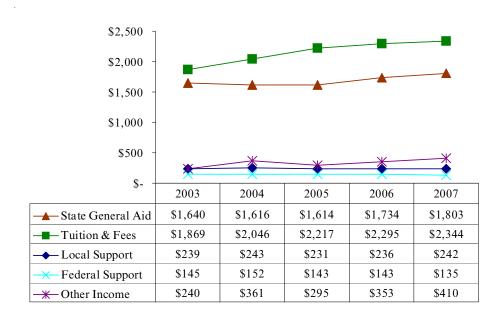
### REVENUES AND EXPENSES BY FTEE FISCAL YEAR 2003 TO FISCAL YEAR 2007

Fiscal Year	FTEE	Total Revenues	Revenues by FTEE	Total Expenses	Expenses by FTEE
2003	84,502.34	\$349,168,834	\$4,132.06	\$345,950,882	\$4,093.98
2004	84,699.42	374,231,104	4,418.34	374,628,841	4,423.04
2005	86,614.34	389,730,597	4,499.61	387,754,143	4,476.79
2006	86,247.10	410,686,618	4,761.74	409,580,494	4,748.92
2007	88,494.93	436,693,567	4,934.67	433,592,337	4,899.63

Source: Iowa Department of Education, Bureau of Community Colleges and Career and Technical Education.

Figure 17

### REVENUES BY FTEE FISCAL YEAR 2003 TO FISCAL YEAR 2007



Source: Iowa Department of Education, Bureau of Community Colleges and Career and Technical Education.

### **State General Aid Appropriations**

The appropriations request consists of two components, the appropriations base and the new State General Aid. Both are driven by the current and projected costs of operations. The appropriations request recommendation seeks: 1) a rolling appropriation base equal to the previous year's appropriation 2) an increase in State General Aid equal to 75 percent of the adjusted general operating fund (adjustments approved in the *Community College Funding Report* submitted to the Legislature January 1998) and multiplied by the allowable growth factor for K-12 schools, as established by the Iowa General Assembly.

Once the appropriation to the community colleges has been determined, the allocation to each community college is calculated utilizing the state general aid distribution formula. The distribution formula was changed effective with the Fiscal Year 2006 appropriation. There are six main components to the distribution formula, with the order of the components changing due to the rate of inflation. The components are as follows:

- **Step 1** Base Funding Allocation The moneys shall first be allocated in the amount of general state financial aid each community college received in the base year. If the appropriation is less than the total of the amount of general state financial aid each community college received in the base year, the moneys shall be allocated in the same proportion as the allocation of general state financial aid each community college received in the base year.
- **Step 2** Marginal Cost Adjustment After the base funding has been allocated, each community college shall be allocated up to an additional two percent of its base funding allocation. The community college's allocation shall be in the same proportion as the allocation of general state financial aid each community college received in the base year.
- **Step 3** Three-Year Rolling Average Full-Time Equivalent Enrollment If the increase in the total state general aid exceeds two percent over the base funding allocation, an amount up to an additional one percent of the base funding allocation shall be distributed based upon each community college's proportional share of the three-year rolling average full-time equivalent enrollments for all community colleges.
- **Step 4** Extraordinary Growth Adjustment An amount up to an additional one percent of the base funding allocation shall be distributed as follows:
  - (a) Forty percent of the moneys shall be allocated based upon each community college's proportional share of the three-year rolling average full-time equivalent enrollments for all community colleges.
  - (b) Sixty percent of the moneys shall be allocated to community colleges that have eligible growth support. The allocation shall be based upon the proportional share that each community college's eligible growth support bears to the total growth support amount. Once the moneys allocated under this subparagraph subdivision equal the total growth support amount, the remaining moneys allocated under this subparagraph shall be allocated as provided in subparagraph subdivision (a).

**Step 5** - Additional 3-Year Rolling Average FTEE Allocation - Distributed based upon each college's proportional share of the three-year rolling average full-time equivalent enrollments for all community colleges.

**Step 6** - Inflation Adjustment - An amount up to the inflation adjustment amount shall be distributed to each community college in the same proportion as the allocation of general state financial aid each community college received in the base year.

The sequence that the six components follow depends on the inflation rate. If the inflation rate is equal to two percent or less, the steps would be in the order of Step 1, Step 2, Step 3, Step 4, and Step 5. If inflation is greater than two percent but less than four percent, the steps would be in the order of Step 1, Step 2, Step 3, Step 4, Step 6, and Step 5. If inflation is equal to or exceeds four percent, the steps would be in the order of Step 1, Step 2, Step 3, Step 6, Step 4, and Step 5.

### Fiscal Year 2008 State General Aid Appropriations

The Fiscal Year 2008 State General Aid appropriation from the Iowa General Assembly for the 15 Iowa Community Colleges totals \$171,962,414, an increase from the previous fiscal year total of \$12,383,170 (7.76%).

Table 69

### STATE GENERAL AID FISCAL YEAR 2002 TO FISCAL YEAR 2008

Fiscal Year	State General Aid	Annual Dollar Change Increase/(Decrease)	Annual Percent Change Increase(Decrease0
2002*	\$137,585,680	\$(9,991,723)	-6.77%
2003	138,585,680	1,000,000	0.73
2004**	136,127,396	(2,458,284)	-1.77
2005	139,779,244	3,651,848	2.68
2006	149,579,244	9,800,000	7.01
2007	159,579,244	10,000,000	6.69
2008	171,962,414	12,383,170	7.76

Source: Laws of the General Assembly.

### **State Funding for Iowa Students**

Table 70 presents state funding per student at community colleges, state universities, and private colleges in Iowa. For Fiscal Year 2007, state funding per community college student totaled \$2,010, an increase of \$75 (3.88%) from Fiscal Year 2006; state funding

<sup>\*</sup>State General Aid in Fiscal Year 2000-2001 was \$147,577,403, includes November 2001 deappropriation of -\$5,137,079 (-6.77%).

<sup>\*\*</sup>Includes November 2003 deappropriation of -\$3,481,519 (-2.5%) and 10% rescission of the deappropriation of \$348,152. Does not include the supplemental aid appropriation made during Fiscal Year 2004 of \$762,675, since it was a one-time appropriation and is not part of base funding.

per state universities' students equals \$10,826 an increase of \$327 (3.11%), and private colleges is \$3,113, an increase of \$122 (4.08%). State funding per student is estimated to increase for community colleges, state universities and private colleges in Fiscal Year 2008.

Table 70

#### STATE FUNDING PER IOWA STUDENT FISCAL YEAR 2002 TO FISCAL YEAR 2008

		State Funding Per Iowa Student						
			F	Fiscal Year				
Iowa Institution	2002	2003	2004	2005	2006	2007	2008*	
Community College State Universities Private Colleges	\$2,136 10,392 3,107	\$1,992 9,816 2,898	\$1,858 9,898 2,829	\$1,809 10,039 2,936	\$1,935 10,499 2,991	\$2,010 10,826 3,113	\$2,399 11,758 3,143	

Source: Legislative Fiscal Bureau, Education Funding for Iowa Students.State General Aid Increase Compared to Community College Salary Increase.

Fiscal Year 2003, 2005, 2006, and 2007 had increases in State General Aid and Salary Expenses. In Fiscal Year 2007, the State General Aid increase covered just less than 60% of the percentage increase in salaries for the colleges. During these fiscal years, Salaries increased more rapidly than State General Aid. In Fiscal Year 2006, State General Aid increased 7.01% while Salary Expense increased 5.65%. In Fiscal Year 2007, State General Aid increased 6.69% while Salary Expense increased 5.45%. See Table 71 for a comparison of Salary Expense and State General Aid.

Table 71

### STATE GENERAL AID AND SALARIES INCREASE FISCAL YEAR 2002 TO FISCAL YEAR 2007

Fiscal Year	Salaries	Percent Increase	Salaries Increase*	State General Aid	Percent Increase	State General Aid Increase (Decrease)	Percent Covered**
2002*	\$245,122,186	2.13%	\$5,108,681	\$137,585,680	-6.77%	\$(9,991,723)	NA
2003	254,899,867	3.99	9,777,681	138,585,680	0.73	1,000,000	10.23
2004	273,957,767	7.48	19,057,900	136,127,396	-1.77	(2,458,284)	NA
2005	289,383,814	5.63	15,426,047	139,779,244	2.68	3,651,848	23.67
2006	305,726,950	5.65	16,343,136	149,579,244	7.01	9,800,000	59.96
2007	322,396,240	5.45	16,669,290	159,579,244	6.69	10,000,000	59.99

Source: Iowa Department of Education, Bureau of Community Colleges and Career and Technical Education.

<sup>\*</sup>Fiscal Year 2008 figures are estimated.

<sup>\*</sup>Fiscal Year 2000-2001 (Salary = \$240,013,505, State General Aid = \$147,577,403).

<sup>\*\* -</sup> Percent Covered refers to the dollar amount that the State General Aid Increase covers the Salaries increase.

NA - Not applicable due to the decrease in State General Aid.